

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2002-479

September 30, 2002

MAINE PUBLIC SERVICE COMPANY
Revision to Terms and Conditions to Reflect
The Pass-Through of Changes to the FERC
Jurisdictional Retail Transmission Rate
Component of its Rates

ORDER

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

In this Order, we approve Maine Public Service's (MPS) proposed rate schedules, filed September 18, 2002, reflecting the pass-through of changes to the FERC jurisdictional retail transmission rate component of its rates effective October 1, 2002. The estimated increase to revenues is expected to be \$396,698.

II. PROCEDURAL HISTORY

On May 14, 2002, pursuant to Section 2.4 of the Settlement Agreement filed on June 30, 2000 in Docket No. ER00-1053-000 and accepted by the Federal Energy Regulatory Commission (FERC) on September 15, 2000, MPS submitted its proposed open access transmission tariff charges to take effect on June 1, 2002 together with back-up materials. On June 17, 2002, MPS filed the informational filing with the FERC. MPS originally requested an accounting order approving the deferral of revenues not collected due to the lag between the date the rates were effective subject to refund at FERC (June 1) and this effective date.¹

On August 15, 2002, MPS filed revised tariffs reflecting the changes of the FERC retail rates in its retail rate schedules. On September 4, 2002 and September 18, 2002, the Company revised these tariffs to reflect changes in its calculation of the FERC retail rates.

III. ANALYSIS AND CONCLUSION

As a result of restructuring the electric industry, the FERC determined it had regulatory authority on any unbundled transmission rates, including rates to retail customers. As a result, the Commission does not have authority to set retail

¹MPS filed its original request on May 21, 2002 and updated the amount requested on August 6, 2002.

transmission rates but continues to have the obligation to assure that such rates are just and reasonable through participation as a party in FERC proceedings.

The FERC tariff rates are set utilizing a formula that was approved by a June 30, 2000 Settlement Agreement. In the past two years, instead of flowing through the formula rate change in the MPS's FERC approved transmission rate, MPS adjusted its amortization to its asset gain account to avoid rate increases. This action required Commission approval. This year the Company proposed to offset the increase in transmission rates through a reduction in distribution rates funded through the creation of a regulatory asset. Subsequently, the Staff and MPS agreed it is time to break the link between FERC's transmission rates and Maine jurisdictional rates, and therefore, flow-through the transmission rate increase currently.² In its September 18th letter to the Commission, MPS proposes that its new retail transmission rates go into effect on October 1, 2002. MPS notes that:

this timing reflects a four-month lag behind the FERC approved effective date for changed transmission rates. October , 2002 is chosen as the next feasible date for a rate change which will allow time to inform customers and make adjustments to the MPS billing systems. The four-month timing lag with interest will be handled as an adjustment to next years retail transmission rates and each year thereafter . . . Upon approval of the methodology of recovering the FERC-approved transmission expenses described above, the Company respectfully withdraws its requests for accounting orders dated May 21, 2002 and August 6, 2002.

While we do not object to the "lag/collection" methodology proposed by MPS, since the Company's transmission rates are set by the FERC, we do not have jurisdiction to approve the proposed mechanism. Therefore, MPS should request approval from the FERC for this proposal and should withdraw its "lag/collection" request for an accounting order from this Commission upon receiving FERC approval.

We have reviewed the rate schedules MPS filed on September 18, 2002, and have determined that they properly reflect the rates authorized by FERC. We, therefore, allow those rates to take effect on October 1, 2002.³

² As a result of the flow-through, a typical residential customer on standard offer service will see an .6% increase in his or her bill.

³There are still ongoing discussions between MPS and Houlton Water Company regarding the filing that could result in different rates being approved by the FERC. The FERC allows rates to go into effect subject to refund and MPS would refund any differences between the rates currently proposed and the final rates to all of its customers.

As we have determined that the proposed rate schedules reflect the rates calculated utilizing the approved FERC formula, it is accordingly

ORDERED

That the following rates schedules are approved with an effective date of October 1, 2002:

Rate 1, Sheet No. 1, Forty-Seventh Revision
Rate A-1, Sheet No. 1, Thirty-Eighth Revision
Rate A-H, Sheet No. 1, Eighth Revision
Rate A-HN, Sheet No. 1, Third Revision
Rate B, Sheet No. 1, Ninth Revision
Rate C, Sheet No. 1, Thirty-Sixth Revision
Rate F, Sheet No. 1, Sixth Revision
Rate E-P, Sheet No. 1, Eleventh Revision
Rate E-P-T, Sheet No. 1, Tenth Revision
Rate E-S, Sheet No. 1, Eighth Revision
Rate E-S-T, Sheet No. 1, Eighth Revision
Rate H-T, Sheet No. 1, Eleventh Revision
Rate SL, Sheet No. 1, Thirty-Second Revision
Rate SL, Sheet No. 2, Thirty-Second Revision
Rate T, Sheet No. 1, Thirty-Second Revision

Dated at Augusta, Maine, this 30th day of September, 2002.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent
 Diamond

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.